

TECHNOLOGY
EFFICIENCY
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Interim Report

HALF-YEAR 2020

STAHL

This report is available in German and English language. Both versions can also be found online on our corporate website www.r-stahl.com under Corporate/Investor Relations/Financial Reports. It contains forward-looking statements based on assumptions and estimates of R. STAHL's management. Although we assume that the expectations of these forward-looking statements are realistic, we cannot guarantee that these expectations will prove to be correct. The assumptions may involve risks and uncertainties that could cause the actual results to differ materially from the forward-looking statements. Factors that may cause such discrepancies include: changes in the macroeconomic and business environment, exchange rate and interest rate fluctuations, the roll-out of competing products, a lack of acceptance of new products or services, and changes in business strategy. R. STAHL does not plan to update these forward-looking statements nor does it accept any obligation to do so.

The contents of this press release are intended to address all genders. For the sake of readability and without any intent to discriminate, only the male form will be used.

Rounding differences and rates of change

Percentages and figures in this report may include rounding differences. The signs used to indicate rates of change are based on economic aspects: improvements are indicated by a "+" sign, deteriorations by a "-" sign. Rates of change >+100% are shown as >+100%, rates of change <-100% as "n/a" (not applicable).

R. STAHL GROUP

Key Figures

in € million	Q2 2020	Q2 2019	Change in %	6M 2020	6M 2019	Change in %
Sales	59.7	65.5	-8.8	124.8	133.0	-6.2
Germany	15.0	14.5	+3.5	31.9	30.7	+3.9
Central region ¹⁾	28.6	30.1	-5.0	57.8	59.6	-3.1
Americas	5.4	8.2	-33.8	12.7	15.8	-19.8
Asia/Pacific	10.7	12.7	-15.6	22.5	26.9	-16.4
Order backlog as of 30 June				79.7	76.9	+3.6
EBITDA pre exceptionals ²⁾	3.9	5.4	-27.7	8.6	13.1	-34.1
<i>EBITDA margin pre exceptionals ²⁾</i>	6.5%	8.2%		6.9%	9.8%	
EBITDA	3.6	4.2	-14.8	8.2	10.5	-21.4
EBIT	-0.6	0.9	n/a	-0.1	1.9	n/a
Net profit	-2.0	-0.8	<-100	-2.6	-0.7	<-100
Earnings per share (in €)	-0.31	-0.12	<-100	-0.41	-0.10	<-100
Cash flow from operating activities	1.5	3.1	-50.2	2.5	10.0	-75.3
Depreciation and amortization	4.2	3.3	+28.0	8.3	8.6	-2.6
Capital expenditures	2.7	2.1	+26.3	5.0	4.7	+5.8
				30 June 2020	31 Dec. 2019	Change in %
Total assets				257.1	259.4	-0.9
Equity				55.0	58.4	-5.8
<i>Equity ratio</i>				21.4%	22.5%	
Net financial debt ³⁾				10.3	4.2	>+100
Net financial debt incl. lease liabilities pursuant to IFRS 16				39.4	36.0	+9.7
Employees ⁴⁾				1,685	1,669	+1.0

¹⁾ Africa and Europe excl. Germany

²⁾ Exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations

³⁾ excl. pension provision and excluding lease liabilities

⁴⁾ excl. apprentices

INTERIM REPORT

of R. Stahl Aktiengesellschaft for the period 1 January 2020 through 30 June 2020

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KEY TOPICS IN THE REPORTING PERIOD

- > R. STAHL takes over the 100% holding of OOO R. Stahl, Moscow (Russian Federation)
- > R. STAHL early extends contract of CEO Mathias Hallmann and appoints Jürgen Linhard as additional member of the Executive Board
- > R. STAHL invites shareholders to the 27th Ordinary Annual General Meeting on 30 July 2020

R. STAHL takes over the 100 % holding of OOO R. Stahl, Moscow (Russian Federation)

In order to restructure the sales activities in the Russian Federation, R. STAHL acquired a further 40% of the shares carrying voting rights of OOO R. Stahl, Moscow (Russian Federation) in April 2020 for a price of €226 thousand. The shareholding is now 100%.

R. STAHL early extends contract of CEO Dr. Mathias Hallmann and appoints Jürgen Linhard as additional member of the Executive Board

In April, the Supervisory Board of R. STAHL AG appointed CEO Dr Mathias Hallmann for further three years, thereby extending his contract early. The new mandate begins on 1 October 2020. At the same time, Jürgen Linhard, previously CFO at Diehl Aviation Hamburg GmbH, was appointed as a member of the Executive Board of R. STAHL AG with responsibility for the finance functions. His contract has a term of three years.

R. STAHL invites shareholders to the 27th Ordinary Annual General Meeting on 30 July, 2020

On 22 June, R. STAHL invited its shareholders to the 27th Ordinary Annual General Meeting on 30 July 2020. The meeting will be held as a virtual event without the shareholders or their proxies being physically present at the Group headquarters. The Ordinary Annual General Meeting was originally planned for 28 May, 2020, but it had to be cancelled in March due to the statutory restrictions on gatherings to prevent the risks of infection linked to the spread of COVID-19.

GROUP MANAGEMENT REPORT

- > In Q2 2020, sales fall by 8.8% year-on-year, to €59.7 million (Q2 2019: €65.5 million) – as expected, the COVID-19 pandemic is causing a considerable decline in the day-to-day business and is still delaying deliveries
- > EBITDA pre exceptionals falls by €1.5 million to €3.9 million (Q2 2019: €5.4 million) – measures to keep control of costs take effect
- > Exceptionals in Q2 2020 drop further by €0.9 million to €-0.3 million (Q2 2019: €-1.2 million)
- > Earnings per share fall to €-0.31 (Q2 2019: €-0.12)
- > Delayed deliveries increase working capital and net debt compared to the previous quarter

Business performance

Sales

In the second quarter of 2020, R. STAHL generated sales in the amount of €59.7 million (Q2 2019: €65.5 million). This represents a drop of 8.8% compared to the previous year. As at the end of the previous quarter, the ever-widening, global spread of the COVID-19 pandemic made its impact here, crippling large areas of public life and business activities and leading to the most severe collapse in the global economy since the end of the Second

World War. Although we were able to maintain our business operations to a large extent thanks to measures taken at an early stage to protect our workforce and to maintain our ability to work and deliver, delays in transport and the acceptance of goods at some of our customers' end resulted in finished products not being delivered and therefore not sold in the quarter under review. Sales declined in all regions except Germany.

In **Germany**, sales increased by 3.5% to €15.0 million (Q2 2019: €14.5 million). The lower level of the previous year was influenced by the scheduled introduction of a new inventory management software at the Waldenburg site, causing a temporary supply bottleneck there. Sales in the **Central region** – consisting of Africa and Europe excluding Germany – fell slightly by 5.0% to €28.6 million (Q2 2019: €30.1 million). Double-digit declines were registered in the regions of **America** with a collapse of 33.8% to €5.4 million (Q2 2019: €8.2 million) and **Asia/Pacific** with a loss of 15.6% to €10.7 million (Q2 2019: €12.7 million).

While the first three months of 2020 were still characterized by strong demand at €78.8 million, orders decreased significantly in May: With €60.7 million, order intake was 12.2% below last year (Q2 2019: €69.1 million) and 23.0% lower than in the previous quarter. In contrast, the order backlog at the end of the reporting period remained unchanged at a solid level of €79.7 million (31 March, 2020: €79.9 million).

In the first six months of the year under review, R. STAHL achieved sales of €124.8 million, representing a year-on-year decline of 6.2% (6M 2019: €133.0 million). This reflects in particular the weak second quarter that was severely impacted by the COVID-19 pandemic. The slightly improved increase in the incoming orders by 1.0% to €139.4 million (6M 2019: €138.1 million) was driven by the very high demand in the first four months of 2020.

Sales by region

in € million	Q2 2020	Q2 2019	Change in %	6M 2020	6M 2019	Change in %	in % of Group sales
Germany	15.0	14.5	+3.5	31.9	30.7	+3.9	26
Central region	28.6	30.1	-5.0	57.8	59.6	-3.1	46
Americas	5.4	8.2	-33.8	12.7	15.8	-19.8	10
Asia/Pacific	10.7	12.7	-15.6	22.5	26.9	-16.4	18
Total	59.7	65.5	-8.8	124.8	133.0	-6.2	100

EBITDA and EBIT

In the second quarter of 2020, the lower sales were also reflected in the earnings before interest, tax, depreciation and amortization (EBITDA) pre exceptionals, though the impact was dampened perceptibly by early measures to control costs, particularly personnel costs. The sales drop of €5.8 million therefore came along with a comparatively moderate reduction in EBITDA pre by €1.5 million to €3.9 million (Q2 2019: €5.4 million). This includes exceptionals in the amount of €-0.3 million which had declined considerably year-on-year, as in the previous quarter (Q2 2019: €-1.2 million). This resulted in an EBITDA of €3.6 million in Q2 2020 (Q2 2019: €4.2 million).

Due to delays in goods deliveries, finished and unfinished products increased in the reporting period by €0.9 million compared to the previous quarter. The total operating performance decreased by 8.1% to €61.7 million (Q2 2019: €67.2 million). The material costs also declined in line with sales by 8.7% to €20.9 million (Q2 2019: €22.9 million). Even so, the cost-of-materials ratio improved slightly year-on-year to 33.8% of the total operating performance (Q2 2019: 34.1% of the total operating performance).

In the quarter under review, the personnel costs fell considerably by 6.3% to €29.3 million (Q2 2019: €31.3 million). This was particularly due to adjusted bonus provisions, the reduction of claims for special tariff payments (T-ZUG) at German sites and, to a lesser extent, a lower volume of severance pay recognized as exceptionals. The increased number of employees compared to the previous year was caused by the full consolidation of

R. STAHL SOUTH AFRICA (formerly ESACO Pty Ltd.) in the third quarter of 2019.

The balance of other operating income and expenses improved in Q2 2020 to €-8.0 million (Q2 2019: €-8.8 million). This also reflected the reduction in legal and consulting costs and the included insurance payments relating to the luminaire recall announced in June 2019.

Depreciation and amortization of intangible assets and property, plant and equipment in the quarter under review stood at €4.2 million (Q2 2019: €3.3 million). Overall, the EBIT registered a decline by €1.5 million to €-0.6 million (Q2 2019: €0.9 million).

The decreasing sales performance in the first six months of the year under review led to a reduction of the EBITDA pre, which was limited to €4.5 million through cost-saving measures. In total, an EBITDA pre of €8.6 million was achieved (6M 2019: €13.1 million). Here, much lower severance payments as well as reduced legal and consulting costs drove the reduction of exceptionals by €2.2 million to €-0.4 million (6M 2019: €-2.6 million). The reduction of the EBITDA by €2.2 million to €8.2 million (6M 2019: €10.5 million) in the reporting period was therefore relatively moderate.

The cost-reduction measures implemented in Q2 2020 together with the lower exceptionals in the first six months of the reporting period led to 3.3% lower personnel costs of €60.9 million (6M 2019: € 63.0 million).

The balance of other operating income and expenses increased in the reporting period slightly to €-17.7 million (6M 2019: €-17.3 million). The low level of the previous year benefited above all from reversals of provisions, which had more than offset the higher exceptionals.

Reconciliation of EBITDA pre to EBIT

in € million	Q2 2020	Q2 2019	Change	6M 2020	6M 2019	Change	included in income statement under
EBITDA pre exceptionals	3.9	5.4	-1.5	8.6	13.1	-4.5	
Exceptionals ¹⁾	-0.3	-1.2	+0.9	-0.4	-2.6	+2.2	
Restructuring charges	-0.3	-1.2	+0.9	-0.4	-2.6	+2.2	
Severance pay	-0.2	-0.5	+0.3	-0.3	-1.3	+1.0	Personnel costs
Legal and consulting costs	-0.1	-0.7	+0.6	-0.1	-1.3	+1.2	Other operating expenses
EBITDA	3.6	4.2	-0.6	8.2	10.5	-2.2	
Depreciation and amortization	-4.2	-3.3	-0.9	-8.3	8.6	+0.2	
EBIT	-0.6	0.9	-1.5	-0.1	1.9	-2.0	

¹⁾ Exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations

At € 8.3 million, depreciation and amortization of intangible assets and property, plant and equipment stood slightly below last year's corresponding period (6M 2019: €8.6 million). The EBIT fell by €2.0 million to €-0.1 million (6M 2019: €1.9 million).

Financial result

The financial result improved by €0.3 million to €-0.5 million in Q2 2020 (Q2 2019: €-0.8 million). The higher income from the ZAVOD Goreltex investment made a particular contribution to this. In addition, reduced interest expenses arising from the building lease at the Waldenburg site and for pension provisions helped to reduce the costs.

For the above-mentioned reasons, the financial result increased in the first six months of the year by €0.9 million to €-0.9 million (6M 2019: €-1.8 million).

Earnings before income taxes

Earnings before income taxes fell by €1.2 million in the second quarter of 2020 to €-1.1 million (Q2 2019: €0.1 million). Income taxes were incurred at the same level as in the previous year at €-0.9 million (Q2 2019: €-0.9 million).

In the first six months of the year under review, earnings before income taxes of €-1.0 million were generated (6M 2019: €0.1 million), which was €-1.2 million lower than in the previous year. Income taxes doubled to €-1.6 million (6M 2019: €-0.8 million) driven by equal contributions from effective taxes and deferred taxes.

Net profit / Earnings per share

Net profit fell by €1.2 million to €-2.0 million in Q2 2020 (Q2 2019: €-0.8 million) or €-0.31 per share (Q2 2019: €-0.12).

In the first half of 2020, net profit fell by €2.0 million to €-2.6 million (6M 2019: €-0.7 million), corresponding to earnings per share of €-0.41 (6M 2019: €-0.10).

Reconciliation of EBIT to earnings per share

in € million	Q2 2020	Q2 2019	Change	6M 2020	6M 2019	Change
EBIT	-0.6	0.9	+1.5	-0.1	1.9	-2.0
Financial result	-0.5	-0.8	+0.3	-0.9	-1.8	+0.9
Earnings before income taxes	-1.1	0.1	-1.2	-1.0	0.1	-1.2
Income taxes	-0.9	-0.9	-0.0	-1.6	-0.8	-0.8
Net profit	-2.0	-0.8	-1.2	-2.6	-0.7	-2.0
thereof						
attributable to other shareholders	-0.0	-0.0	-0.0	-0.0	-0.0	+0.0
attributable to shareholders of R. STAHL AG	-2.0	-0.8	-1.2	-2.6	-0.6	-2.0
Earnings per share (in €)	-0.31	-0.12	-0.19	-0.41	-0.10	-0.31
Average number of shares outstanding (weighted, in million units)	6.44	6.44	0	6.44	6.44	0

Net assets and financial position

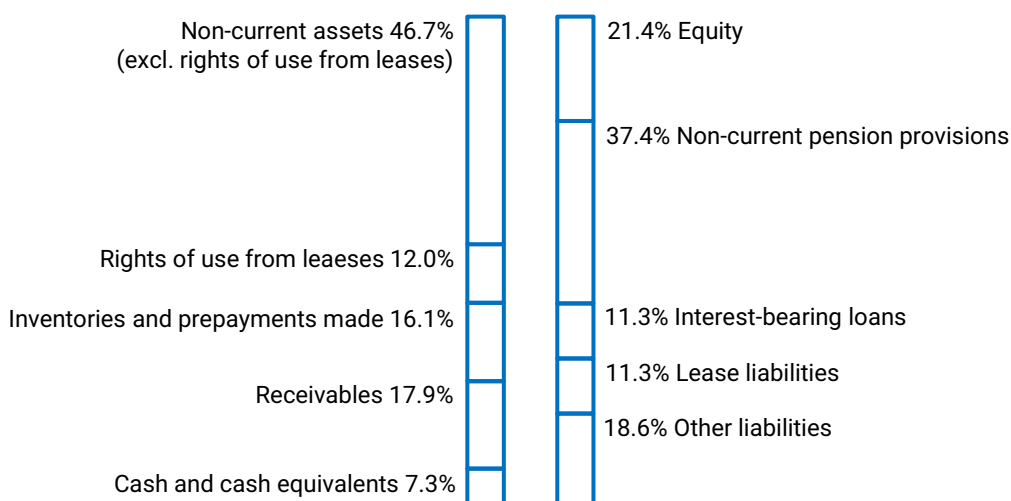
Balance sheet structure

As of the reporting date of 30 June 2020, the balance sheet total of the R. STAHL Group contracted by €2.3 million compared to last year’s end to €257.1 million due to a

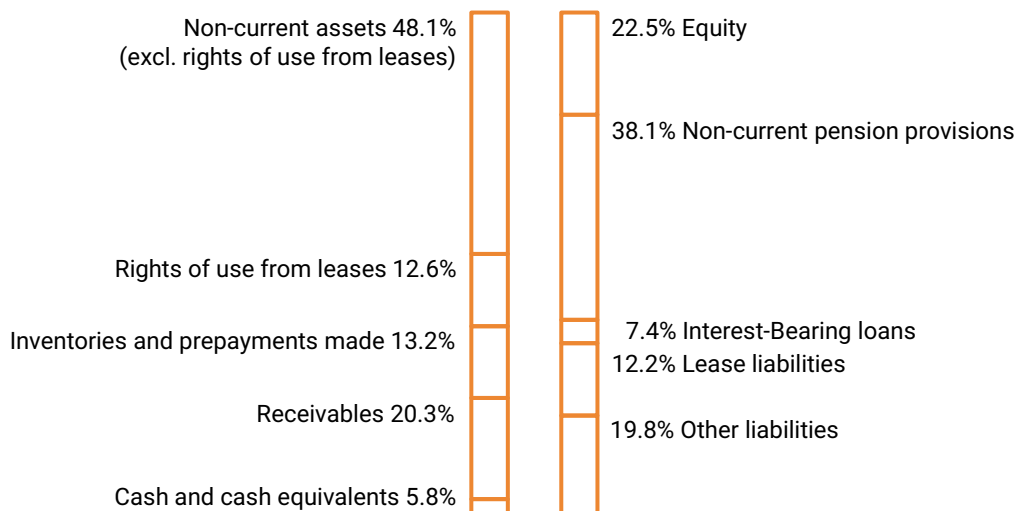
decline in rights of use and liabilities arising from leases (31 December 2019: €259.4 million). At the same time, non-current assets fell by €6.5 million to €151.0 million as of the reporting date (31 December 2019: €157.5 million). A main driver of this development was the decline in rights of use arising from leases due to scheduled depreciation. In addition, lower deferred taxes related to sunk pension provisions, which were based on an increased interest rate of 1.54% as of the reporting date (31 December 2019: 1.37%), also made an impact.

Asset and capital structure

30 June 2020 **Balance sheet total €257.1 million**



31 December 2019 **Balance sheet total €259.4 million**



The current assets rose by €4.2 million to €106.1 million as of 30 June 2020 due to increased inventories (31 December 2019: €101.8 million). A considerable reduction of trade receivables was reflected in an increase in cash and cash equivalents in the first six months of the reporting period.

Non-current liabilities registered a decrease of €5.8 million to €133.0 million as of the reporting date (31 December 2019: €138.8 million). The main cause of this were declines of pension provisions and liabilities from leases.

In contrast, current liabilities increased by €6.9 million to €69.1 million (31 December 2019: €62.2 million). While the trade payables declined and also the provisions and deferred liabilities fell due to bonus and severance payments as well as adjustments to bonus provisions for the current year, there was a higher utilization of loans.

The negative net profit in the first six months of the year under review led to a reduction in the equity to €55.0 million as of 30 June 2020 (31 December 2019: €58.4 million). The equity ratio therefore declined to 21.4% (31 December 2019: 22.5%). Equity-supporting effects arising from the declining pension provisions were used up by contrary translation effects, essentially due to unfavorable changes to the exchange rate in the foreign currencies of the Norwegian krone and the Indian rupee.

Net debt (excluding pension provisions and excluding lease liabilities) increased to €10.3 million as of the end of the reporting period, mainly due to the negative net profit and the increase in inventories (31 December 2019: €4.2 million). As of 30 June 2020, the R. STAHL Group held cash and cash equivalents amounting to €18.7 million (31 December 2019: €15.0 million).

Financial position and investments

Despite weaker net profit, the cash flow in Q2 2020 roughly matched the level of the previous year at €2.6 million (Q2 2019: €2.7 million). This was primarily due to higher depreciation and higher equity valuations in the quarter under review. A reduction in trade payables was offset by lower non-interest-bearing current liabilities and increased inventories, leading overall to an increase of working capital by €1.0 million (Q2 2019: €-0.4 million) and resulting in a cash flow from operating activities of €1.5 million (Q2 2019: €3.1 million). Together with a slight increase in the cash flow from investing activities to €-2.3 million (Q2 2019: €-2.1 million), this resulted in a free cash flow of €-0.8 million in the quarter under review (Q2 2019: €1.0 million).

The increase in cash flow from financing activities to €2.5 million (Q2 2019: €-1.5 million) reflected the above-mentioned higher utilization of bank loans.

In the first six months of the year under review, the cash flow fell to €6.7 million due to the net profit (6M 2019: €7.9 million). The increase in the inventory of finished products caused by delivery delays as well as declining non-interest-bearing current liabilities could only partly be offset by a reduction of trade receivables. As a result, working capital increased by €4.2 million. Accordingly, cash flow from operating activities fell to €2.5 million (6M 2019: €10.0 million). Combined with a cash flow from investing activities in the amount of €-4.5 million (6M 2019: €-4.1 million), this led to a free cash flow of €-2.1 million in the first six months of the year under review (6M 2019: €5.9 million).

Due to the higher utilization of loans, the cash flow from financing activities rose in the reporting period to €6.3 million, whereas financial liabilities in the amount of €9.9 million had been paid down in the previous year

Opportunities and risks

All R. STAHL subsidiaries regularly compile an opportunities and risks report, in which the opportunities and risks in the company are taken into account. All managing directors are required to inform the department responsible for opportunity and risk management if significant events occur, including during the course of the quarter. The relevant statements made starting on page 60 of the 2019 Annual Report continue to apply unchanged.

Outlook

We presented our detailed estimate of the anticipated development of the R. STAHL Group in the current year in the forecast report starting on page 70 of the 2019 Annual Report, which was published on 21 April 2019. This assessment was confirmed upon publication of our interim report on the first quarter of 2020 on 14 May 2020. We continue to stick to this forecast. We therefore assume a drop in sales of 5% at most in 2020 compared to the previous year but, based on the currently foreseeable assessment of the most significant key markets for R. STAHL, we narrow the previous sales corridor from €260 million to €275 million down to a range from €260 million to €265 million. This assessment reflects the solid order backlog as at the end of the reporting period as well as the expectation that material amounts of the currently increased inventory of finished products will be sold during the current year. The EBITDA pre exceptionals is expected to come in in the low double-digit million Euro range, unchanged to the previous outlook, while free cash flow is expected to be positive and equity ratio about stable compared to 2019.

Outlook 2020

in € million	July 2020	April 2020	2019
Sales	5% decline at max to 260 - 265	5% decline at max to 260 - 275	274.8
EBITDA pre exceptionals ¹⁾	low double-digit million Euro	low double-digit million Euro	30.4
Free cash flow	Positive	positive	8.5
Equity ratio	stable	stable	22.5%

¹⁾ Exceptionals: restructuring charges, non-scheduled depreciation and amortization, charges for design and implementation of IT-projects, M&A costs as well as profit and loss from the disposal of non-current assets no longer required for business operations

CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

Income statement

1 January through 30 June

in €000	Q2 2020	Q2 2019	Change in %	6M 2020	6M 2019	Change in %
Sales	59,728	65,481	-8.8	124,832	133,025	-6.2
Change in finished and unfinished products	875	776	+12.8	4,983	2,832	+76.0
Other own work capitalized	1,140	940	+21.3	2,162	2,044	+5.8
Total operating performance	61,743	67,197	-8.1	131,977	137,901	-4.3
Other operating income	2,277	5,063	-55.0	5,648	8,040	-29.8
Cost of materials	-20,896	-22,894	+8.7	-45,155	-47,147	+4.2
Personnel costs	-29,347	-31,314	+6.3	-60,884	-62,993	+3.3
Other operating expenses	-10,227	-13,883	+26.3	-23,361	-25,343	+7.8
Earnings before financial result, income taxes and depreciation and amortization (EBITDA)	3,550	4,169	-14.8	8,225	10,458	-21.4
Depreciation and amortization	-4,163	-3,253	-28.0	-8,332	-8,557	+2.6
Earnings before financial result and income taxes (EBIT)	-613	916	n/a	-107	1,901	n/a
Result from companies consolidated using the equity method	422	383	+10.2	807	580	+39.1
Investment result	0	0	0	0	0	0
Interest and similar income	33	6	>+100	75	13	>+100
Interest and similar expenses	-948	-1,222	+22.4	-1,783	-2,346	+24.0
Financial result	-493	-833	+40.8	-901	-1,753	+48.6
Earnings before income taxes	-1,106	83	n/a	-1,008	148	n/a
Income taxes	-882	-850	-3.8	-1,616	-809	-99.8
Net profit	-1,988	-767	<-100	-2,624	-661	<-100
thereof attributable to other shareholders	-12	-7	-71.4	-8	-12	+33.3
thereof attributable to shareholders of R. STAHL AG	-1,976	-760	<-100	-2,616	-649	<-100
Earnings per share (in €)	-0.31	-0.12	<-100	-0.41	-0.10	<-100

CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

Statement of comprehensive income

1 January through 30 June

in €000	Q2 2020	Q2 2019	Change in %	6M 2020	6M 2019	Change in %
Net profit	-1,988	-767	<-100	-2,624	-661	<-100
Gains/losses from currency translation of foreign subsidiaries, recognized in equity	292	-222	n/a	-2,382	551	n/a
Deferred taxes on gains/losses from currency translation	0	0	0	0	0	0
Currency translation differences after taxes	292	-222	n/a	-2,382	551	n/a
Gains/losses from the subsequent measurement of cash flow hedges, recognized in equity	0	0	0	0	0	0
Recognized in profit or loss	0	0	0	0	0	0
Deferred taxes on cash flow hedges	0	0	0	0	0	0
Cash flow hedges after taxes	0	0	0	0	0	0
Other comprehensive income with reclassifications to profit for the period	292	-222	n/a	-2,382	551	n/a
Gains/losses from the subsequent measurement of pension obligations, recognized in equity	-4,115	-4,367	+5.8	2,585	-11,811	n/a
Deferred taxes from pension obligations	1,201	1,288	-6.8	-755	3,483	n/a
Other comprehensive income without reclassifications to profit for the period	-2,914	-3,079	+5.4	1,830	-8,328	n/a
Other comprehensive income (valuation differences recognized directly in equity)	-2,622	-3,301	+20.6	-552	-7,777	+92.9
thereof attributable to other shareholders	98	2	>+100	11	14	-21.4
thereof attributable to shareholders of R. STAHL AG	-2,720	-3,303	+17.7	-563	-7,791	+92.8
Total comprehensive income after taxes	-4,610	-4,068	-13.3	-3,176	-8,438	+62.4
thereof attributable to other shareholders	86	-5	n/a	3	2	+50.0
thereof attributable to shareholders of R. STAHL AG	-4,696	-4,063	-15.6	-3,179	-8,440	+62.3

CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

Balance sheet

in €000	30 June 2020	31 Dec. 2019	Change
ASSETS			
Intangible assets	41,038	41,424	-386
Property, plant & equipment	82,154	85,959	-3,805
Investments in associated companies	9,056	8,834	+222
Other financial assets	32	32	0
Other assets	3,215	3,945	-730
Real estate held as a financial investment	4,810	4,914	-104
Deferred taxes	10,728	12,417	-1,689
Non-current assets	151,033	157,525	-6,492
Inventories and prepayments made	41,297	34,180	+7,117
Trade receivables	36,547	42,489	-5,942
Contract receivables	1,353	622	+731
Income tax claims	743	959	-216
Other receivables and other assets	7,375	8,631	-1,256
Cash and cash equivalents	18,745	14,966	+3,779
Current assets	106,060	101,847	+4,213
Total assets	257,093	259,372	-2,279
EQUITY AND LIABILITIES			
Subscribed capital	16,500	16,500	0
Capital reserves	13,457	13,457	0
Revenue reserves	60,931	63,555	-2,624
Accumulated other comprehensive income	-36,084	-35,521	-563
Equity attributable to shareholders of R. STAHL AG	54,804	57,991	-3,187
Non-controlling interests	234	449	-215
Equity	55,038	58,440	-3,402
Pension provisions	96,136	98,717	-2,581
Other provisions	1,870	2,031	-161
Interest-bearing financial liabilities	9,482	10,193	-711
Lease liabilities	22,797	25,056	-2,259
Other liabilities	76	87	-11
Deferred taxes	2,640	2,677	-37
Non-current liabilities	133,001	138,761	-5,760
Provisions	7,302	8,118	-816
Trade payables	11,928	15,092	-3,164
Interest-bearing financial liabilities	19,606	8,957	+10,649
Lease liabilities	6,309	6,727	-418
Deferred liabilities	13,217	14,186	-969
Income tax liabilities	1,113	791	+322
Other liabilities	9,579	8,300	+1,279
Current liabilities	69,054	62,171	+6,883
Total equity and liabilities	257,093	259,372	-2,279

CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

Cash flow statement

1 January through 30 June

in €000	Q2 2020	Q2 2019	Change	6M 2020	6M 2019	Change
Net profit	-1,988	-767	-1,221	-2,624	-661	-1,963
Depreciation, amortization and impairment of non-current assets	4,163	3,253	+910	8,332	8,557	-225
Changes in long-term provisions	-174	-58	-116	-163	-48	-115
Changes in deferred taxes	467	363	+104	860	230	+630
Equity valuation	163	-383	+546	-222	-168	-54
Other income and expenses without cash flow impact	-3	283	-286	654	466	+188
Result from the disposal of non-current assets	-33	5	-38	-132	-458	+326
Cash flow	2,595	2,696	-101	6,705	7,918	-1,213
Changes in short-term provisions	-110	-1,738	+1,628	-729	-1,725	+996
Changes in inventories, trade receivables and other non-capex or non-financial assets	6,094	7,158	-1,064	-1,672	4,929	-6,601
Changes in trade payables and other non-capex or non-financial liabilities	-7,031	-5,008	-2,023	-1,831	-1,097	-734
Changes in working capital	-1,047	412	-1,459	-4,232	2,107	-6,339
Cash flow from operating activities	1,548	3,108	-1,560	2,473	10,025	-7,552
Cash outflow for capex in intangible assets	-1,736	-1,244	-492	-2,889	-2,608	-281
Cash inflow from the disposals of non-current intangible assets	32	0	+32	32	560	-528
Cash outflow for capex on property, plant & equipment	-915	-855	-60	-2,110	-2,116	+6
Cash inflow from the disposals of property, plant & equipment and real estate held as a financial investment	311	32	+279	433	56	+377
Cash outflow for the purchase of shares in associated companies excluding acquired cash and cash equivalents	0	0	0	0	0	0
Cash flow from investing activities	-2,308	-2,067	-241	-4,534	-4,108	-426
Free cash flow	-760	1,041	-1,801	-2,061	5,917	-7,978
Distribution to/contribution from minority shareholders	-226	0	-226	-226	0	-226
Cash outflow for repayment of lease liabilities	-1,622	-1,622	0	-3,460	-3,513	+53
Cash inflow from interest-bearing financial debt	5,046	719	+4,327	16,829	165	+16,664
Cash outflow for repayment of interest-bearing financial debt	-663	-561	-102	-6,833	-6,573	-260
Cash flow from financing activities	2,535	-1,464	+3,999	6,310	-9,921	+16,231
Changes in cash and cash equivalents	1,775	-423	+2,198	4,249	-4,004	+8,253
Foreign exchange and valuation-related changes in cash and cash equivalents	-17	-193	+176	-470	55	-525
Cash and cash equivalents at the beginning of the period	16,987	11,296	+5,691	14,966	14,629	+337
Cash and cash equivalents at the end of the period	18,745	10,680	+8,065	18,745	10,680	+8,065

CONSOLIDATED FINANCIAL STATEMENTS R. STAHL

Statement of changes in equity

1 January through 30 June

in €000	Equity attributable to shareholders									Equity
	Accumulated other comprehensive income							Total	Non-controlling interests	
	Subscribed capital	Capital reserves	Revenue reserves	Currency translation	Unrealized gains/losses from cash flow hedges	Unrealized gains/losses from pensions	Total accumulated other comprehensive income			
1 Jan. 2019	16,500	13,457	62,216	-3,558	0	-26,490	-30,048	62,125	133	62,258
Net profit			-649				0	-649	-12	-661
Accumulated other comprehensive income				537		-8,328	-7,791	-7,791	14	-7,777
Total comprehensive income	0	0	-649	537	0	-8,328	-7,791	-8,440	2	-8,438
Dividend distribution							0	0		
30 June 2019	16,500	13,457	61,567	-3,021	0	-34,818	-37,839	53,685	135	53,820
1 Jan. 2020	16,500	13,457	63,555	-3,358	0	-32,163	-35,521	57,991	449	58,440
Net profit			-2,616				0	-2,616	-8	-2,624
Accumulated other comprehensive income				-2,393		1,830	-563	-563	11	-552
Total comprehensive income	0	0	-2,616	-2,393	0	1,830	-563	-3,179	3	-3,176
Dividend distribution							0	0		0
Changes in minority interests			-8					-8	-218	-226
30 June 2020	16,500	13,457	60,931	-5,751	0	-30,333	-36,084	54,804	234	55,038

SELECTED EXPLANATORY NOTES

1. Accounting in accordance with International Financial Reporting Standards (IFRS)

The consolidated interim financial statements of R. STAHL AG have been prepared in accordance with International Financial Reporting Standards (IFRS) as mandated for EU companies in compliance with IAS 34 "Interim Reports".

These consolidated interim financial statements have not been audited.

2. Consolidation

In addition to the Group's parent company, R. STAHL AG, the consolidated interim financial statements include 32 domestic and foreign companies in which R. STAHL AG may exert a controlling influence.

Companies in which the company can exert a substantial influence are consolidated as associated enterprises in the consolidated financial statements using the equity method. As of 2016, ZAVOD Goreltex Co. Ltd., Saint Petersburg, Russia is included in the consolidated financial statements as an associated enterprise using the equity method.

3. Accounting and valuation methods

The consolidated interim financial statements and comparison figures for the previous year's period have essentially been prepared and calculated using the same accounting and valuation methods as the consolidated financial statements for fiscal year 2019. The underlying principles are published in the notes to our consolidated financial statements for 2019. The latter are available on our corporate website www.r-stahl.com.

Further explanation of the different accounting and valuation methods as a result of adopting IFRS 16 can be found under "[1] Basis of preparation" in the notes to the 2019 consolidated financial statements.

We use the historical cost approach in preparing our consolidated financial statements. The accounting for derivative financial instruments is an exception to this rule, as these must be accounted for at their applicable fair value. The positive fair values of derivative financial instruments on the balance sheet date

amounted to €12 thousand (31 December 2019: €89 thousand). We recognized negative fair values of €-134 thousand (31 December 2019: €-12 thousand).

The carrying amounts of cash and cash equivalents, as well as current account loans closely approximate their fair value given the short maturity of these financial instruments. The carrying values of receivables and liabilities are based on historical costs, subject to usual trade credit terms, and also closely approximate their fair value.

The fair value of non-current liabilities is based on currently available interest rates for borrowing with the same maturity and credit rating profiles. The fair value of external liabilities is currently about the same as the carrying amounts.

In order to present the reliability of the valuation of financial instruments at fair value in a comparable manner, IFRS introduced a fair value hierarchy with the following three levels:

- > Valuation on the basis of exchange price or market price for identical assets or liabilities (Level 1)
- > Valuation on the basis of exchange price or market price for similar instruments or on the basis of assessment models that are based on input parameters observable on the market (Level 2)
- > Valuation on the basis of assessment models with significant input parameters that are not observable on the market (Level 3)

Derivative financial instruments measured at fair value of the R. STAHL Group are rated solely according to the fair value hierarchy Level 2.

In the first three months of 2020, there were no reclassifications between different fair value hierarchies.

4. Cash flow statement

Our cash flow statement according to IAS 7 shows the changes in cash inflows and outflows of the R. STAHL Group in the period under review.

The liquidity shown in the cash flow statement comprises cash on hand, checks, and credit balances at banks. It also includes securities with original maturities of up to three months.

5. Earnings per share

Earnings per share are calculated by dividing consolidated earnings – net of minority interests – by the average number of shares. Our diluted earnings per share are the same as our earnings per share.

6. Number of employees

The company employed 1,685 persons (excluding apprentices) as of the reporting date on 30 June 2020 (31 December 2019: 1,669).

7. Legal liabilities and other financial obligations

There have been no material changes in our legal liabilities and other financial obligations since 31 December 2019.

8. Transactions with related persons

There were no material transactions with related persons in the period under review.

Waldenburg, 5 August 2020

R. Stahl Aktiengesellschaft

Dr. Mathias Hallmann

Chairman of the Executive Board

Jürgen Linhard

Member of the Executive Board

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining year.

Waldenburg, 5 August 2020

R. Stahl Aktiengesellschaft

Dr. Mathias Hallmann

Chairman of the Executive Board

Jürgen Linhard

Member of the Executive Board

FINANCIAL CALENDAR 2020

12 November

Interim Report Q3 2020

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